

**EXHIBIT C**

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CONFIDENTIAL

November 4, 2018

BY EMAIL

Ray Schrock, Esq.  
Sunny Singh, Esq.  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153-0119

Re: DIP Process

Dear Ray:

I am writing on behalf of ESL Investments, Inc., its affiliated investment funds (collectively, "ESL") and Edward S. Lampert concerning ESL's previously submitted proposal for a potential debtor-in-possession financing for Sears Holdings Corporation and its affiliated debtors (collectively, the "Debtors").

As you recall, on October 30, 2018, ESL submitted a proposal for DIP financing involving a \$350 million incremental facility that would be secured by a first priority lien on Previously Unencumbered Collateral. As part of that proposal, the existing ABL DIP Lenders would agree to certain changes to the ABL DIP Facility, including allowing the incremental DIP lenders to have a senior lien on the Previously Unencumbered Collateral and reducing the ABL DIP Lenders' new money commitment from approximately \$300 million to \$150 million, in keeping with the \$150 million effective reserve that was established prior to the bankruptcy filing date.

At the time we submitted the October 30 proposal, one of ESL's co-lending partners, Cyrus Capital, had agreed in principle to fund a significant portion of the proposed financing, which would have fully funded the proposed financing. In addition, ESL and its advisors were in

Ray Schrock, Esq., p. 2

conversations with other potential DIP lenders and were seeking consents from the Debtors to reach out to additional potential DIP lending partners. Shortly after ESL submitted its proposal, it received a letter, dated November 1, 2018, from the Debtor's investment bank, Lazard, inviting ESL and other interested parties to submit DIP financing proposals based on one of three structures.

On November 2, 2018, Cyrus informed ESL that the Debtors had asked Cyrus to submit its own proposal and to not work with ESL on the October 30 proposal if it wanted the best chance of being selected as the DIP lender. We were subsequently informed that the Debtors had introduced other potential lenders to Cyrus for its incremental facility, which as requested by the Debtors would not include ESL. During my conversation with you yesterday, you confirmed that the Debtors' clear preference was for ESL to not be a DIP lender and that the Creditors Committee had informed you that they would object to any DIP financing proposed by ESL.

Given the Debtors' stated desire to not have ESL as a DIP lender (and their facilitation and encouragement of Cyrus' dropping out of ESL's bid), ESL is withdrawing its October 30 proposal and will not be submitting a proposal prior to tomorrow's 12 noon deadline. It is our understanding that the Debtors are confident that they will not need ESL's participation as a DIP lender in order to obtain the best possible terms, but if that is not the case, please let us know. As we have discussed on many occasions, ESL was interested in providing DIP financing only if the Debtors were unable to find other sources on terms attractive to the Debtors. We are gratified that ESL's work with Cyrus and the Debtors in structuring the Junior DIP Financing and the new incremental DIP financing has given the Debtors a blue print and path to obtaining other DIP financing sources.

As you know, ESL believes that the best way for the Debtors to maximize the value of the estates (and to preserve tens of thousands of jobs) may be a going concern sale. Based on your statements at the first-day hearing and the milestones set forth in the ABL DIP Financing Credit Agreement, we believe that the Debtors share this view. We understand, however, that other constituencies may prefer a full liquidation and that the Debtors will be influenced by their views. We therefore request that the Debtors immediately inform us if the Debtors change their position and prefer a liquidation, or otherwise determine that they will not be willing to accept any going concern bid by ESL, as ESL is investing substantial resources in conducting diligence, finding partners, arranging for financing, preparing documentation and otherwise pursuing a possible going concern bid. Much work needs to be completed prior to the December 15 deadline imposed by the ABL DIP Lenders in the ABL DIP Financing Credit Agreement, and we will certainly need the Debtors' ongoing cooperation and commitment to satisfy that milestone.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Sean A. O'Neal

Ray Schrock, Esq., p. 3

cc:

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